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VANDERNOOT

THE INDONESIAN POINT OF VIEW

Speeches Prepared for Officials of
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INTRODUCTION

The following speeches and brochures were researched and written by me while employed by the Embassy of the Republic of Indonesia. The material was prepared between February 1975 and June 1976.

The Speech on Foreign Policy was prepared for H.E. Foreign Minister Adam Malik, but was not delivered. It will be delivered in part or in full by the Ambassador, H.E. Roesmin Nurjadin. The remainder of the speeches, with the exception of the Speech on the Role of Women in Indonesia which was delivered by the wife of the Deputy Chief of Mission, Ibu Zahar Arifin, were delivered by the Ambassador. Repetitive sections have been deleted from some of the speeches. Otherwise, they are reproduced here as delivered.

These speeches are not for quotation or citation.

I realize that this is unusual material to submit as an MA thesis. However, I do not feel that every MA candidate must write a scholarly research paper to fulfill the requirements of that degree. I believe that this material represents an MA thesis' worth of research, organization of materials, substance and writing.

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ATTACHMENTS:

PALAPA 1976

THE JAVANESE WEDDING CELEBRATION OF HERNI PRATIWI AND ANTO SUKARDJO

SPEECH ON FOREIGN POLICY

Mr. Alden, ladies and gentlemen of The National Press Club.

It is truly a pleasure to be able to be in the United States at this time, to congratulate the great democracy of the West on its 200th birthday. Those of us from newly independent nations are perhaps more immediately conscious of the meaning of your Bicentennial. We have struggled in our lifetime for the freedom that you have had now for 200 years. We, of the Republic of Indonesia, as we prepare to celebrate our 31st anniversary of independence, do indeed congratulate the American people, and we wish you well in the future.

I would like to begin by telling you my feelings about a simple concept which, while discussed endlessly, still is unevenly applied in international relations. That concept is interdependence.

Interdependence is not novel. The nations of the world have always been interdependent. However, we have been so on an unequal basis, the developing countries traditionally supplying cheap labor and inexpensive raw materials on which the developed countries become more developed. To further compound the inequality, the developing nations import manufactured goods from the developed nations at ever higher prices.

This form of interdependence cannot last, for it lacks the necessary element of mutual advantage.

The developing countries, in the process of seeking a more equitable economic relationship with the developed countries, have come to realize that they have an inherent bargaining strength in their supplies of energy sources and other raw materials.

The use of this bargaining strength has been called by many in the developed countries "unfair" and "unjust." Attempts to obtain more equal trade relationships and other advantages have been called "demands." In the few minutes that I have before you today, I would like to try to correct these misconceptions.

It is not unfair to try to improve one's position, when that position has traditionally been inferior and limited.

It is also not unfair to blame the failure to develop internally at a satisfactory pace, on conditions in the international environment, when those conditions negatively outweigh domestic progress.

The case of Indonesia is an excellent illustration of this point. No government has been more committed to internal economic development than the Suharto government.

Ten years ago, the Suharto government inherited a deteriorated economy with a huge foreign debt. In 1966, foreign currency reserves were depleted to only \$8 million, while our debts totaled \$2.4 billion, 300 times as much. No foreign exchange was available to import the one million tons of rice which was urgently needed to feed the fifth most populous nation in the world. Industry was not producing. Inflation was rampant.

In ten years, all this has changed. The balance of payment figures for the fiscal year 1974/75 showed a surplus. And the government rice stockpile now stands at one million tons.

During our First Five-Year Development Plan, from 1969 to 1974, per capita income was raised 56.3% and Gross National Product increased 45%, an annual increase of 8%.

This is not to suggest that we in Indonesia have solved all of our problems, but merely to emphasize our total commitment to internal development and a better life for all of our people.

In spite of this commitment, in spite of these successes, progress has been limited by unstable prices for our raw materials, by declining markets, by inflation, and by the increasing costs of the manufactured goods that we must import. These are all factors over which we have no control; they are determined by the international economic system.

In calling for change, we do not wish for anyone to lose something that is rightfully theirs. We firmly believe that it is possible for each of the developing nations to improve their economic position in such a way that will be to the long-term advantage of all nations.

We feel that the most important factor in the establishment of equitable trading relationships among nations is the stabilization of commodity prices and an end to the steady price increases of manufactured imports.

Fortunately, the possibility of reaching agreement on the various commodity issues now is better than ever. A mood of cooperation has arisen and there is evidence of a desire for a dialogue between producing nations and consuming nations.

We are pleased and encouraged by what seems to be a sincere willingness on the part of the developed countries to try to solve basic economic problems, especially those relating to the stabilization of commodity prices. It should not be forgotten that trade in commodities still sustains the majority of developing countries, and provides the primary impetus for their internal development.

We are particularly encouraged by a change in attitude on the part of the United States indicated last fall when Dr. Kissinger suggested that it was in the enlightened self-interest of the industrial nations to meet some of the Third World demands. The importance of this change lies in the ability of the United States, given its position as the world's largest trader, to influence other developed nations.

We are encouraged, despite the limited success of the recent UNCTAD meeting in Nairobi. We have always felt that the changes that are needed cannot be resolved at a single conference. These changes may require an extended period of time for all nations to realize their long-range value, and even more time for successful implementation.

In the interim, we are concentrating on those things that we can control.

Internally, we are further developing our infrastructure and our industrial capacity. We are also concentrating more and more on non-economic sectors of development such as improved health services and housing.

Externally, we are concentrating on the region of Southeast Asia.

We are fully aware that any occurrence in Southeast Asia, negative or positive, has a direct bearing on our national destiny. We therefore aspire to see the entire region develop as rapidly as possible.

It is this aspiration of Indonesia and its like-minded neighbors which resulted in the establishment of ASEAN, the Association

of Southeast Asian Nations.

The significance of ASEAN lies in the fact that it heralds an encouraging trend toward regional cohesion and resilience. It reflects the growing determination of the nations of this region to take charge of their own future.

Today, the nations of ASEAN are good neighbors, determined to work together for the benefit of the entire region. ASEAN today is an effective organization that has gained international recognition.

In the future, as in the past, economic cooperation is the most important area of ASEAN endeavor. We have learned that economic development does not occur in isolation. We have learned that domestic and regional development are necessary counterparts.

Since ASEAN's inception in 1967, much groundwork has been laid in the field of economic cooperation. The member states now have close and effective cooperation on matters relating to trade, industry, shipping, and civil air transportation.

Concrete recommendations that are now in the process of being implemented concern cooperation on basic commodities, preferential trade arrangements, and on joint and coordinated approaches to other world problems.

I must emphasize that ASEAN is not a security organization. While I would not deny the importance of military preparedness, it is clear that real strength comes from economic, political, and social development. This is the purpose of ASEAN.

ASEAN cooperation succeeds because it is freely extended, arising out of a realization that it is to the benefit of all of us to strengthen the region.

The political changes in Southeast Asia last year clearly had an effect on the attitude of the Indonesian government as well as on other ASEAN governments. The end of the conflict in Indo-China brought about a new political situation in Southeast Asia to which all nations have had to adapt.

From the outset, however, Indonesia has emphasized that while readjustment is appropriate, it should not be inspired by fear or uncertainty. Rather, such readjustment should take place in the spirit, and within the enlarged opportunities, of the new situation in Southeast Asia. It is significant to note that those expressing pessimism about the future of Southeast Asia come from countries outside the region.

Indonesia has welcomed the end of this struggle not only as an end to bloodshed and suffering, but also as a necessary beginning, if stability and progress are to be achieved in the entire region. It should not be forgotten that the end of the conflict in Indo-China brought about the first real peace in Southeast Asia since the outbreak of World War II.

A crucial turning point in the history of Southeast Asia has arrived. How shall we meet this unique opportunity? Shall we, together, move toward a new era of genuine peace, freedom and progress? Or shall we be polarized and competitive? Shall we be one or two Southeast Asias?

While it may be too early to talk about membership for the Indo-China states in ASEAN, it is essential that the door be left open for their entry. When those nations are ready to participate, they

will find that ASEAN has much to offer, and makes no demands beyond the commitment to partnership and the repudiation of hostility.

We made our position on this question clear by quickly recognizing the governments that emerged in those countries.

Further, ASEAN, at a Foreign Minister's meeting in Kuala Lumpur last May, offered friendship and cooperation to the new governments in Indo-China. This offer was repeated at the ASEAN summit meeting in Bali last February, and is sincerely supported by all ASEAN members.

The final item that I would like to touch on today is Indonesia's relationship with the United States.

While our relationships within our region are based on common interests and common history, our relationship with the United States is based on our dissimilarities.

The possibilities for cooperation between the United States and Indonesia are limitless. The economic possibilities are obvious, Indonesia being an exporter of raw materials, and the United States being a consumer.

But it is primarily in other areas that the possibilities are so unique. In the development of solar energy, in the development of the sea, and in the area of agricultural development, the United States and Indonesia can cooperate to the benefit of all of mankind.

Let me elaborate briefly. There is in a very real way, some advantage to our lack of developed infrastructure. We as an oil exporting nation, are acutely aware of how ephemeral and precious fossil fuel resources are. Fossil fuels are soon going to be obsolete. But our lack of developed infrastructure gives us the advantage of choosing now how our future utility structure will be formed and what

fuels will power it.

We in Indonesia have an abundance of sunlight and a fragmented island structure. We expect to be able to innovate with decentralized and clean solar energy systems. And, thanks to technological developments in your country in the solar area, we hope to implant clean energy systems at levels of expense and efficiency which could work a revolution in the future energy structure of the world.

We would offer to you then, innovations on energy infrastructures, while benefitting from your advanced technological achievements. This is only one of the many possibilities for mutually beneficial cooperation.

The commitment of both sides to the possibilities that lie within our relationship was highlighted first by President Suharto's visit to the United States last July, later by President Ford's visit to Indonesia last December, and is reaffirmed this week by the first of a series of joint consultations between myself and Mr. Kissinger on matters of mutual concern.

This phrase -- matters of mutual concern -- may become the theme of the future in international relations. For it matters not whether a nation is dealing with its neighbors, those with whom it has much in common, or with nations of some physical as well as political and economic distance, there are increasing "matters of mutual concern" in the increasingly interdependent world we live in.

Thank you.

SPEECH ON NEW RESTRICTIONS ON FOREIGN INVESTMENT

Good morning, ladies and gentlemen.

It is a pleasure to be here today. For years I have heard of the remarkable beauty of New England's fall foliage. This is the first opportunity I have had to see for myself this wonder of nature. It provides a lovely atmosphere for this conference and an inducement to be in harmony with nature; to cooperate and to encourage mutual understanding.

A remarkable change took place in Indonesia in the last decade. An economy on the brink of chaos was revived and is now thriving. A decision in 1966 to undertake a rigorous course of economic development marked this change. Social welfare and justice were no longer considered political issues to be resolved by ideologists, but rather as goals that can be reached only through hard work and economic development.

Our successes in the last ten years permit, in fact, compel us to higher goals of national development and a better life for all of our people.

The government, keenly aware that Indonesians cannot live by rice alone, is paying greater attention to non-economic sectors in the Second Five-Year Development Plan. Community health centers are being established all over Indonesia. New educational, cultural, religious, athletic, and other facilities are being built, while personnel to staff them are being trained in large numbers. The government is also providing incentives for private real estate investors to develop intermediate-range and low-cost housing in order to eliminate the shortage of suitable dwellings in the big cities.

Our trade pattern has changed significantly. Oil and timber are now in the forefront, and growth can be seen in non-traditional exports such as sea products, edible oils, and electronic components. Also significant is the changing composition of our imports. The fastest import growth is in capital goods. This reflects the rapid expansion of development in Indonesia and emphasizes the government's commitment to stimulate these efforts.

Another change is evident in the decreasing role of external aid in the development budget. While the actual amount has been increasing, the share of foreign aid in the total budget decreased from 66% in 1969, to 18.8% in 1975.

These changes have been accelerated at least in part by the input of private foreign investment.

Between 1969 and 1975, Indonesia attracted almost four billion in foreign investment. The reasons for this are, among others, abundant and unexploited mineral and other natural resources, improving basic facilities, an annual growth rate of 8%, and a huge population characterized by industriousness and creativity.

The profit incentives for investing in Indonesia are very high. In addition, generous inducements including tax holidays, duty exemptions, and a liberal policy with regard to profit remittances and other financial transfer rights have created an extremely favorable investment climate in Indonesia.

We appreciate the contribution that private foreign investment has made to our economic success. However, the Indonesian government has determined that some restrictions on it are necessary at this time. A careful scrutiny of the results of recent years reveals a

number of weaknesses that require adjustment if a healthy economic environment is to be maintained.

One major weakness has been over-concentration of foreign investment projects in particular sectors of the economy. A close examination of approved projects shows an extremely heavy concentration in the manufacture of import substitution products, particularly in food, pharmaceuticals, rubber and plastic goods, textiles, and metal fabrications.

Another problem has been territorial over-concentration. The Jakarta Capital Territory and the Province of West Java have received an undue proportion of new investment projects.

As a result, the government has for some time been developing a scale of priorities applicable to new projects. This will effect the inducements offered in various sectors and in a few cases will result in a complete ban on further activity. Some sectors are already closed to foreign investment.

This step has been taken quite reluctantly, but experience has shown the necessity to protect local entrepreneurs against more powerful and skilled overseas competitors.

The government adopted this policy to avoid possible friction between foreign and domestic business circles. It was designed also to encourage more Indonesians to participate in economic development at all levels. This should lead to a more equitable distribution of opportunities and wealth.

Currently, the government is promoting the development of specific sectors in particular areas. For example, the manufacturing

industries will be emphasized in heavily populated Java. Oil, coal, aluminium and plantation products will be further developed in Sumatra. Forest products will be developed in Kalimantan, and nickel in Sulawesi.

Another new policy toward foreign investment that may need some explanation is the current need to re-negotiate some contracts that are already in force.

In the early stages of investment promotion, commitments were made to foreign investors which in the long run have been unsatisfactory, from our point of view, and have led to some public discontent.

In such situations, the choice to be made is either to maintain the contract as it is, with a great risk of unpleasant consequences, or to re-negotiate in good faith those aspects of the contract which are unsatisfactory.

In choosing to re-negotiate, we would like to emphasize that it is not our intention to take unfair advantage of foreign investors in our country, nor will we take any unilateral action. Moreover, no arrangements will be requested of any investor that will effect the financial viability of a project.

In saying this, I would like to reiterate that we appreciate the foreign investment assistance that we have received. But at the same time, we know that we must maintain control of our economy in order to insure improvement in the quality of life for all of our people. Assistance extended to us, while welcomed, remains only a supporting component of a development effort which only we

can guide toward the fulfillment of our national needs and priorities.

A tremendous improvement in the investment climate has taken place in the last ten years. The government pursues realistic, pragmatic, and fair policies, and is open to the outside world.

In return we hope that foreign investors in our country will be willing to develop linkages with the environment in which they operate. We ask that they be sensitive to our national aspirations; and we ask them to attempt to identify themselves with our developmental goals. In this way, foreign business will be regarded as an ally or even as an accelerator of national development, and will be providing for itself additional long-range security for its investment.

Ladies and gentlemen,

Our efforts at the present and in the future cannot be separated from developments in other parts of Southeast Asia and the world. Our answer is to develop what we call national resilience -- indigenous ideological, political, economic, and socio-cultural strengths -- which constitute a nation's real capacity to develop, endure, and defend itself against internal or external negative influences. It is with this in mind that we call for reform in the international economic order.

It cannot be denied that in today's increasingly interdependent world, conditions in the international economic environment can have a negative effect on the developmental efforts of a nation. When such negative influences derive from structural imbalances in the international system, the demand for change is legitimate and does not

constitute an excuse to shift the blame for lack of internal progress to international conditions.

We are willing at all times to cooperate in the solution of any problem in the world economy, provided that the industrialized nations are sincerely willing to consider our needs as important as their own.

Ladies and gentlemen,

The final item which I would like to touch on today is one that effects not only Indonesia, but many of her neighbors as well. That is, the fear among foreign businessmen created by this past year's political events in Indo-China. We in Indonesia are aware of the need for a reassessment of policies, but such a reassessment should not be motivated by feelings of fear or uncertainty.

Indonesia welcomes the restoration of peace in Indo-China, not only as an end to human suffering, but also as the first opportunity in 30 years for the nations of the region to be able to concentrate on developing themselves. Apparently, many Americans view the situation in that part of the world as a power vacuum. In our view, there is no vacuum. The Southeast Asian nations themselves have filled that so-called vacuum, perhaps in a much more effective and durable way, based on the right of each nation to decide its own fate, without outside interference.

We look to the situation in Indo-China with hope.

The hope that we may develop a regional resilience together with the other Southeast Asian nations;

The hope that all nations may prosper in peace;

The hope that all people may live full and normal lives.

Thank you.

SPEECH ON THE ARCHIPELAGIC PRINCIPLE AND REGIONAL COOPERATION

Good afternoon ladies and gentlemen.

It is truly a pleasure to be here today to meet with the next generation of American leaders, and to participate in this timely conference.

The Naval Academy provides an appropriate setting for a conference on the new realities effecting U.S. foreign policy. It is located near enough to Washington to be in touch with the political realities, and far enough away to be free from its constraints.

I also understand that The Naval Academy shares something very important with Indonesia. That is, the 100th anniversary of its founding, 1945, corresponds to the date that Indonesia declared her independence.

Indonesia, ladies and gentlemen, is a country comprised of 13,677 islands located strategically between the Pacific and the Indian Oceans, and bridging the continents of Asia and Australia. While its land area is only the size of France, approximately 735,000 square miles, it stretches 3,200 miles across, and its combined coastlines are longer than the equator.

I stress our geographical location at the outset because Indonesia's economic and political history have, to a large extent, been determined by our strategic location across international shipping lines that have been of critical importance since the times of Marco Polo, Christopher Columbus, and Vasco da Gama.

This special geographical position of Indonesia just described brings with it special needs and imperatives relating to its national

existence. This situation also demands special responsibilities relating to the interests of the international community. It is this situation that determines to a large extent the political role of Indonesia in Southeast Asia.

What are the imperatives deriving from this situation?

First is that Indonesia must ensure and safeguard her national and political unity as well as her territorial integrity. These are essential prerequisites for the maintenance and development of our economic, cultural, and social unity.

It was on the basis of these imperatives that the Indonesian Government proclaimed Indonesia an archipelagic state. This proclamation made clear, among other things, that all waters around, between and connecting the islands of the Republic of Indonesia are the natural appendages of the land territory of the Republic and, therefore, form part of the internal or national waters under the sovereignty of the Republic.

It is interesting to note that the Indonesian language equivalent for the word "fatherland" is "tanah-air" meaning "land-water", thereby indicating the inseparable historical relationship between water and land to the Indonesian people. The seas do not separate but rather connect our islands; the waters unify our nation.

In addition, of course, our strategic location demands special responsibilities to the international community, particularly in the maintenance of international maritime traffic. We adhere to the principle that innocent passage of foreign vessels, in the internal waters enclosed within the Indonesian archipelago, is

guaranteed as long as it does not disturb the sovereignty or the security of the Republic of Indonesia.

Concerning the problem of traditional interests claimed by neighboring countries in the archipelagic waters, in a spirit of regional cooperation, Indonesia is prepared to discuss this matter bilaterally with the neighbors. The understanding already reached between Malaysia and Indonesia recognizing the special need of passage between West and East Malaysia bears testimony to the good will and sincerity of Indonesia in finding solutions to matters of mutual concern.

This is but one example of regional cooperation, an attitude which has been the most outstanding feature of the development of Southeast Asia in the last decade.

While a number of inter-related factors account for this steady evolution toward increased regional cooperation, the original motivation was essentially political in nature. In our region, the overriding motive underlying efforts toward closer economic cooperation with one another was the dissatisfaction with our continuing role as mere economic appendages of one or another former colonial power, which did not accord with our aspirations for political and economic independence.

Economic factors, however, have not been inconsiderable. The attainment of a more efficient allocation of resources, the realization of economies of scale and specialization, and the unprecedented technological advances of the developed countries, were instrumental in bringing about regional cooperation in

Southeast Asia. Further, cooperation has become an effective means toward overcoming the persistent problem of external trade imbalances, toward promoting efforts at greater import substitution, as well as improving conditions of general competitiveness in the international market.

Acknowledging these considerations, I would still stress political arguments. Consider first that detente, however welcome as a first step toward global peace, may proceed without any regard for the interests of the developing world, and even at its expense. Further, rapprochement among the major powers may signify more, not less, superpower strength. These possibilities clearly point to the need for greater regional cooperation and coordination.

Indonesia believes that the development of political strength depends, in the long run, on the ability of all of the Southeast Asian nations, both jointly and individually, to build up their own indigenous political, economic and socio-cultural strength, which together constitute a nation's real capacity to develop and to defend itself against negative influences. This is the essence of Indonesia's concept of national resilience. We have no hope of making an impact on the pattern of dominant influence of the superpowers without this resilience. Thus, regional cooperation within ASEAN, the Association of Southeast Asian Nations, represents the conscious effort of the member nations to re-assert their position within the region and the world.

The political changes in Southeast Asia during the past year have clearly had an effect on the attitude of the Indonesian as well as the other ASEAN governments. The end of the wars in

Vietnam and Cambodia, and the way they ended, has brought about a new geo-political configuration in Southeast Asia to which all nations have had to adapt.

From the outset, however, Indonesia has emphasized that while re-adjustment is appropriate, it should not be inspired by fear or uncertainty or by perceived power vacuums. Rather, such re-adjustment should take place in the spirit and within the enlarged opportunities of the new situation in Southeast Asia.

Indonesia has welcomed the end of this struggle not only as an end to bloodshed but also as a necessary beginning, if durable peace and stable progress are to materialize in the entire region of Southeast Asia.

While firmly convinced that this is the path toward regional strength, we are under no illusion as to the many obstacles that stand in the way of this cooperation. We know that ancient fears and rivalries die hard. We recognize the difference in social and political systems among the Southeast Asian nations. But we maintain that these differences in themselves should not be barriers to the development of constructive and mutually beneficial relations. We are convinced that the issues that divide us are far less important than those that should unite us.

Southeast Asia is a region in which the presence and interests of four major powers, the United States, China, the Soviet Union, and Japan, converge. Their continuing influence in

the region cannot but have a direct bearing on political realities.

Unless these major powers can be convinced of the desirability of a new pattern of relationships in Southeast Asia, one that would conform to some extent to their own interests, but also to the interests of the indigenous powers, then I am afraid that Southeast Asia may continue to be a major arena of superpower rivalry.

In closing, ladies and gentlemen, I would like to address a question that is more directly related to the theme of this conference. That is, what should the role of the United States be in Southeast Asia?

In my opinion, the United States has a greater opportunity than ever before to play a positive role in Southeast Asia.

By actively and generously supporting the development drives of the Southeast Asian nations, and by pursuing areas in which mutual benefit is unquestionable, such as the development of solar energy resources, the development of the sea as a natural resource, and agricultural development, the United States will be serving its own interests as well as those of the Southeast Asian nations.

Further, by adjusting its policies toward less military involvement and more political restraint, and by trying to strike new balances with the other super-powers to this effect, the United States will be serving the interests of all involved.

In sum, I believe that we are entering an era of enlarged opportunities for all of us. So long as accommodation and cooperation are the attitudes that we take into this new era, there is hope for a future in which all will thrive.

Thank you.

SPEECH ON THE ECONOMY AND AGRICULTURAL DEVELOPMENT

Ladies and gentlemen, it is a pleasure to be here today.

I think it can be said that there is a goal that is shared by all who are with us today. That goal is prosperity. Specifically, in this instance, it is business prosperity, but the wider well-being of our nations is something which also concerns all of us. A decade ago, the state of the Indonesian economy was too unstable to talk about prosperity. Much has changed since then. In fact, we can say now that we are on the verge of a new era for Indonesia.

The success of our First Five-Year Development Plan, the increase in our GNP and per capita income are solid accomplishments. While we must continue our progress, many of the basic requirements for development have been achieved and we may now choose a more narrow path. Our desire for a better quality of life, could and should predominate over the crude motivation of mere economic growth -- for economic growth is not an end in itself. The real challenge, and that which is now our task, is to respond to the felt needs of the people of Indonesia.

The industrialization of Indonesia is an end which can now be pursued more easily than was possible five or ten years ago. But not haphazard industrialization. Industrialization within a well developed philosophy consisting of a sound respect for capital investment, managerial know-how, and a political atmosphere which is conducive to development. And this always within the framework of our ultimate goal: the best interest of the Indonesian people.

We must never forget this phrase: the best interest of the Indonesian people. It is central to our philosophy of industrialization, of economic development, of politics, and of life itself.

Our Second Five-Year Development Plan began in April 1974. We view all of our programs for economic development on a continuum; each successive step building on progress already made; each successive step mobilizing more resources; each successive step motivating the Indonesian people to greater achievement.

Indonesia made impressive progress during the First Development Plan. Encouraging economic, financial, and political progress was made in such areas as state finance, monetary affairs, agriculture, industrial development, production and distribution, infrastructure, election reform, the simplification of political parties, and in many other areas. Nevertheless, we recognize and acknowledge that these achievements are only a sound beginning. Much work is left to be done.

The overriding goal of the Second Development Plan is to raise the living standards of all of the Indonesian people. In setting this goal, we recognize that it is no longer adequate to think of development only in terms of increased gross national product and per capita income; we are aware that all elements of society must attain an enlarged share of this product, translated into such benefits as improved health services and adequate housing.

The Indonesian government, in the present Development Plan, is also paying much greater attention to creating and expanding

employment opportunities, to achieving a more equitable distribution of the products of development among various regions of the country, and to initiating broader participation by national and small entrepreneurs. Enlarged programs in education, health, and the development of human resources and other social areas will be implemented with the support of a greater allocation of funds. The Second Five-Year Plan is not solely for economic growth and industrialization, but for social development as well!

Indonesia raised its per capita income 56.3% in only five years, during the first plan. This increase has contributed to the overall well-being of the nation.

Indonesia's gross national product increased 45% over the last five years, an annual increase of 8%. The enormous increase in GNP is largely attributable to a rise in agriculture of 40.1%, in mining of 9.6%, and in other industries of 9.8%.

Despite these achievements, we are still concerned, because Indonesia's needs -- with a population of almost 130 million and increasing at 2.3% a year -- are tremendous.

As to our specific industrialization plans, these will revolve around the basic goal of agricultural development and will emphasize such areas as fertilizer and pesticide manufacturing and other agro-related industries, and expansion in domestic production of goods previously imported in order to increase our foreign exchange savings.

Regarding our basic goal, it has been shown that agricultural development can provide as much of an impetus to economic development

as the manufacturing industry has in some countries. Indonesia has more than abundant natural resources and a huge supply of labor. Therefore, in addition to orienting our industrial development toward the domestic market, we shall also aim toward exports and make a concerted effort to break into the world market for manufactured goods. In addition, this strategy should result in a rise in income of a much wider percentage of the Indonesian population and thereby improve the domestic market in the long run.

Agricultural development has encouraged the growth of the processing industries by increasing the supply of agricultural raw materials and by releasing land for other uses, notably forestry. Further, intensive use of land by a succession of crops will help provide a steady stream of materials to keep the processing plants busy all year round.

Agricultural development has also created an expansion in demand for inputs into the agricultural sector, such as fertilizers, pesticides, and various types of agricultural equipment: hand tools, engines, pumps, mechanical cultivators, trucks, and so on.

Thus we foresee an expansion in the next few years in the industries supporting the agricultural sector, and in other processing industries, forestry, animal husbandry, fishery, mining, and also in the supporting industries such as engineering, service industries, and construction.

In pursuing this goal we will also put increasing stress on regional cooperation among the Southeast Asian nations. At present, our domestic manufacturing sectors have firms producing

a similar range of products. Thus, there would seem to be a considerable scope for increasing the efficiency of the manufacturing industries if the Southeast Asian nations can be encouraged to open their markets to each other's manufactured exports.

Although it is my government's policy to close fields for which Indonesian capital and management are already available, there are still many opportunities for foreign investors. A few of the major areas are, in agriculture, rice and sugar plantations. In other key industries, petro-chemical industry, pulp and paper industry, man-made fiber, basic chemical industry as derived from caustic soda, silicate and glass, rubber industry, tin plate manufacturing, cement industry, and housing construction.

In the past, the Indonesian share of foreign joint ventures has been 15% to 25%. In the future the national holding in joint ventures has to be increased as fast as possible to a majority of not less than 51%. The span of time for such increases depends upon the type of operation as well as the amount of capital involved, but it is expected that within ten years, the majority of the shares will be held by the Indonesian partners. Mining, oil, banking, and insurance operations will be slightly differently regulated, in accordance with the specific conditions.

Indonesia's basic receptivity to foreign investment has been demonstrated in many ways. Our foreign investment policies have so far resulted in commitments of more than four billion dollars in private investment projects, with American capital taking the lead. In addition, the foreign investment law makes

it clear that Indonesia does not contemplate any expropriation. As a party to the Convention for the Settlement of International Investment Disputes, Indonesia is prepared at all times to submit to binding international arbitration on matters relating to nationalization. This attitude was reiterated during discussions on the "Charter of Economic Rights and Duties of States" which was recently adopted by the United Nations General Assembly. As you might know, some objections have been made to this Charter on the grounds that it appears to permit expropriation without compensation. We do not so interpret the Charter, and our position on this was clarified in statements made during the debate.

In addition to the guarantees of the Convention for the Settlement of International Investment Disputes, there are negotiations currently underway between our two countries regarding a basic agreement to avoid double taxation for American investors. We hope that this agreement will be ready to be initialed in the very near future.

At present, U.S. investment is concentrated in exploration and drilling for oil, and in coal mining, with less interest thus far in manufacturing or processing.

The advantages for U.S. investment in these areas are perhaps not well enough known. For example, the labor costs in Indonesia in comparison with other countries are relatively low. Indonesian labor is also easily adaptable to new manufacturing processes through a relatively short period of training.

The economic and political climate of Indonesia has also improved tremendously in the last ten years. It is now based on

economic realism and pragmatism, and on an openness to the outside world. However, the present economic leadership of the country remains committed to preventing foreign economic domination and to maintaining control over national resources and economic development. It is also still intent on securing for Indonesia, equality in her economic relations with the outside world. However, this leadership is guided by a realistic understanding of the basic laws of economics, of the dynamics of a modern global economy, and fully realizes the need for the assistance of foreign private capital, skill, and experience, for accelerated development. At the same time, it has a much greater confidence in the possibilities of accommodating the sometimes conflicting interests of national development and the operations of private foreign enterprise as profit-making organizations. The return of the foreign enterprises taken over by the former regime to their original owners, the Foreign Investment Law promulgated in 1967, wide-ranging incentives, and the recent agreements reached between the United States and Indonesia, are all manifestations of the new, realistic orientation.

The most important aspect of economic climate, of course, is stability. That Indonesia's economy is stable can be shown in many ways. One could point to the firmness of the commitment to economic development of the present leadership, or to the political courage that it has shown in putting through the painful stabilization policies that were called for. The stability of our economy has increased steadily over the last ten years.

There are two sides to the stability and continuity of a climate that is favorable to foreign investment. The second side will depend very much on the willingness and the capability of foreign enterprises to develop linkages with the environment in which they operate; with the business community. By involving local business in some of the spin-off activities of these enterprises, through technical assistance, through the utilization of local raw materials, the stimulation of local servicing facilities and of manufacturing of components and spare parts, and by taking an interest in the development of indigenous business in their localities, the foreign companies could very well become a catalytic and accelerating factor in the development of the society in which they operate; a situation that will not go unappreciated.

If foreign investment comes to be seen by a majority of the political public as insensitive to national aspirations, or as an alien element pursuing ends that are contrary to the national interest, political pressures are bound to develop. It is of the greatest importance, therefore, that private foreign business operating in a developing country develop the capacity to identify with the developmental goals of the nation, and develop such forms of cooperative endeavor that it is regarded as an ally.

Ultimately, then, the protection of foreign private investment lies in the rapid development of an indigenous commercial and entrepreneurial middle class, and the development of mutual business interests between them and foreign enterprises in their

country. Any contribution private foreign business could made to that end would provide additional long-range security for its investment.

In closing, may I say, ladies and gentlemen, that the real key to success in such endeavors, is for both sides to be continually cognizant of each other's needs and goals. Keeping an open mind and an open heart at all times is the road to mutual success and mutual benefit.

I thank you.

SPEECH ON THE ROLE OF WOMEN IN INDONESIA

Good afternoon ladies.

It is a pleasure to be here today, to speak to you on women in Indonesia. This is a vast and complex subject. However, I will do my best to be brief and concise.

Women in Indonesia have held an important place in society since earliest recorded times. Some of the first dynasties were ruled by queens. Some armies were led by women. In some parts of Indonesia, inheritance was matrilineal and remains so. None of the many cultures and religions that were to try to take over Indonesia had the strength to erode the existing Indonesian tradition of respect and partnership with women.

The position of women did decline somewhat under Islamic influence, but never to the extent that exists in the Middle-East. In fact, prior to the Dutch colonial era, covering the 300 years before World War II, women played an extremely active role in politics. It was only with the Dutch regulations restricting these roles to men that the position of women was seriously weakened.

The modern effort to improve women's position in Indonesia began at the turn of this century when a young woman named Kartini drew attention to a need for the education of women and for improvement of women's position in marriage. Although many other brave and articulate women were also campaigning for women's education, Kartini's special contribution was her passionate description of the problems of Indonesian women in

letters to Dutch friends. These letters are now published in English under the title, Letters of A Javanese Princess. Her contribution is appreciated world-wide, but no more so than in Indonesia where her birthday is an official national holiday.

Women have been equally involved with men in all the important events of modern Indonesian history. They participated in the struggles against the Dutch and the Japanese, fighting, organizing themselves into teams of nurses, and operating soup kitchens and mobile clinics.

When Indonesian independence was proclaimed on August 17, 1945, the Constitution of the new republic guaranteed equal rights to all citizens. The problems that Indonesian women face today are no less than in any other nation. However, they are the problems of men and women alike, the problems of population pressure, of energy conservation, of increased food production, and of the general improvement of social and economic conditions. They are not the problems of women alone.

They very large unskilled or semi-skilled labor force in Indonesia is fairly evenly divided among men and women. In rural areas, women continue to do the planting, harvesting, and selling of rice and other produce, as they have done for centuries.

In non-agricultural areas, women run much of the retail trade and small commercial enterprises. Particularly significant is women's role in the batik industry where at all stages -- manufacture, distribution, and sales -- the industry is generally acknowledged to be controlled by women.

According to law, women should receive equal pay for equal work. Special protective regulations give women the right to three months maternity leave and two days per month menstrual leave. Unfortunately, these regulations are extremely difficult to enforce, and are sometimes used as an excuse not to hire women, but the fact that they are law gives us hope.

In the political arena, women currently make up about 10% of elected and appointed government officials. We have had women cabinet ministers, and have had a woman on the Supreme Court. These facts indicate that Indonesian women play a much larger role in government and politics than in many other countries. Significantly, this is not a modern trend in Indonesia, but rather the continuation of a tradition.

One of the most unique things about women in Indonesia -- as I have gathered from conversations and meetings with women of other nationalities -- is the extent to which Indonesian women are organized. Women's organizations play an extremely important role in all sectors of the society.

Formally organized women's groups started early in the twentieth century. The first Indonesian Women's Congress, held in 1928, discussed the position of women in marriage and education, and established the Federation of Indonesian Women. Later Congresses broadened their concerns to include issues of nationalism, employment, and other topics of the day. The participation of women's groups in the revolution has already been mentioned, but what was not mentioned was the feeling of common identity and

strong affinity that developed among Indonesian women during the period of revolution and nation building.

Among the substantive accomplishments of women's organizations is the promulgation of the Marriage Law that was enacted in December of 1973. This Law provides for free consent, minimum age for marriage, the sharing of property acquired in marriage, retaining possession of property brought into marriage, equal rights of divorce and custody, and real restrictions on polygamy. Again, enforcement of this Law, as with the special labor regulations, will be extremely difficult, but the fact that it is now the law of the land is more than just a beginning.

In addition to specific accomplishments such as the Marriage Law, the activities of women's organizations are generally in the area of direct services, community education, such as in nutrition and family planning, and in civic education activities, often specifically related to women's status or issues of family law.

In urban areas, women's organizations have been particularly important in developing and sustaining social welfare projects, such as training programs for school dropouts, homes for the aged, institutions for physically or mentally handicapped, and programs for orphans.

In the rural areas, women's organizations have had a profound impact on all individuals. Maternity centers have been organized all over the country. Training schools for midwives and scholarship funds have been set up.

Women's organizations have also been extremely active in the area of childhood education. Earlier completely on their own, but now more often with government assistance, women have set up thousands of kindergartens and primary schools, as well as high schools and technical and vocational schools.

In the area of civic education, women's organizations often participate directly in party politics. In addition, they are continuously working to improve women's legal rights. They also develop educational projects designed to give women more information about their legal rights.

In general, there is a tremendous amount of cooperation between women's organizations and the government. The government supports, both politically and financially, women's community activities, and individual women and representatives of women's organizations are consulted and involved in the design of new development projects, consideration of new government services, or revisions in law.

In closing, the most important thing that I would like to impress upon you is that the role of women in Indonesia, and the goals of women in Indonesia are completely different from those of women in the United States. Indonesia is a nation whose society centers around the extended family. The goal of the Indonesian woman is to be a successful member of that family, and to be a productive member of her organization and community.

Women in the United States are far more concerned with individual rights, the definition of the individual, autonomy, and other ideological concerns of egalitarianism.

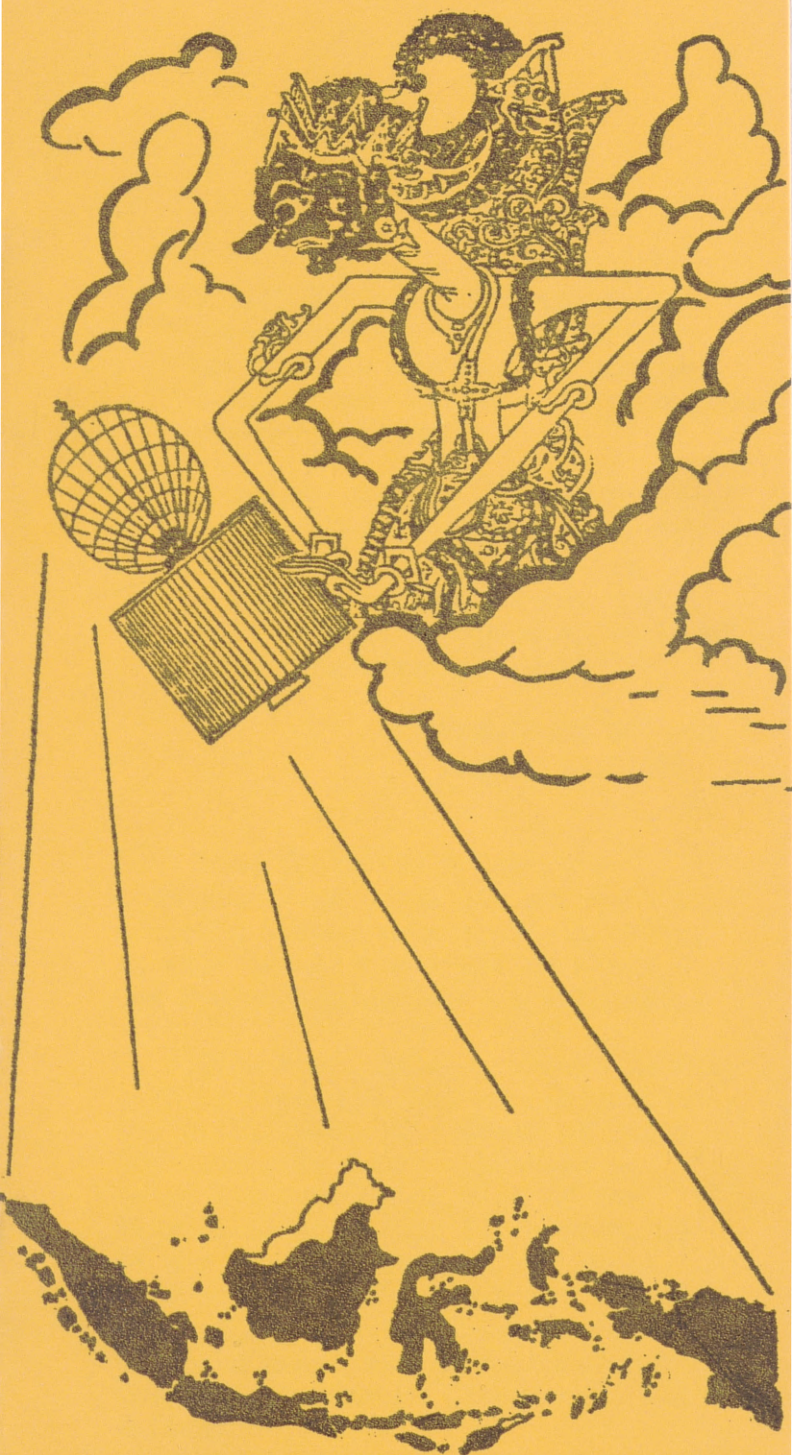
We women in Indonesia are concerned about greater access to education, employment, contraception, and protective legislation. Individualism and independence are foreign to our culture.

But it is not that we want less for ourselves than you do. It is simply that we want something quite different.

Thank you.

ATTACHMENTS:





= PALAPA - 1976 =

PALAPA

A well established network of communications is of importance not only to the economy and to development, but also to strengthen our national unity.

A nation capable of establishing good communications is a nation that better understands its national problems... one that will be able to speed up national development and preserve its unity.

President Suharto
August 16, 1975

When Indonesia's domestic communications satellite successfully achieves synchronous orbit in 1976, it will herald the start of a new era for communications in Indonesia.

It's name, Palapa, chosen in July 1975 by President Suharto, signifies the fulfillment of a dream of unity for Indonesia first expressed by Prime Minister Gajah Mada of the Kingdom of Majapahit (14th century). It was for the sake of this ideal that he declared an oath not to eat the sought-after delicacy of coconut and palm sugar called "palapa" until the whole Nusantara (Indonesia) was united.

Intensive studies showed that a satellite system can provide domestic communication service to unify Indonesia sooner and at less cost than any other means. Similar studies have already led to the implementation of domestic satellite systems in Canada and the United States.

Two satellites, built by Hughes Aircraft Company's Space and Communications Group, form the space segment of the new system.

These two satellites are identical to the Anik spacecraft of Canada's domestic system and to the Westar satellites of Western Union Telegraph Company's system, with the exception of the antenna feedhorn configuration which has been re-designed for the geographical shape of Indonesia.

Initially, Indonesia's system will employ one satellite, to be launched on July 8, 1976 by the U.S. National Aeronautics and Space Administration at Cape Canaveral. It will become operational on August 17, Indonesian Independence Day. A second satellite is scheduled for launch in 1978.

Fifty earth stations located in major cities form the ground network of the Palapa system.

The Jakarta station will monitor and control the other ground stations in the system. In addition to its communications antenna, the Jakarta station will have a separate telemetry, tracking, and command antenna to determine the satellites' position and attitude in orbit and control a range of onboard functions.

The satellite will be positioned in a synchronous, equatorial earth orbit above Indonesia. The geographic coverage of the antenna pattern is designed to concentrate maximum signal energy within the country's general boundaries. Ground stations in any of the 13,677 islands of Indonesia can establish a communication path through the satellite to any other ground station. A station designed to transmit and receive voice grade telephony and to receive national television is located in each province and in other large urban communities.

On the basis of preliminary discussions with other members of the Association for Southeast Asian Nations (ASEAN), Indonesia is planning to offer leased services for intra-country usage.

SERVICES

Services will include telephony, telegraphy, telex, data transmission, television, and radio broadcasts, available to both public and private users.

The Palapa system has the potential for many valuable services such as:

- services for commercial development
- data processing system service, such as transfer of financial transaction data between banks
- local and national emergency services
- air traffic control and maritime communication services
- scientific data services

Prime Minister Gajah Mada's dream is at last a reality. The 13,677 islands stretching gracefully 3,200 miles across the equator that comprise the nation of Indonesia, will be truly unified for the first time with the advent of Palapa.

April 25, 1976



The Javanese
Wedding Celebration
of
hermi pratiwi
and
anto sukardjo

April 25, 1976



The Javanese
Wedding Celebration
of
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A traditional Central Javanese wedding is a complex and highly symbolic affair. Each aspect of the wedding, each piece of clothing and jewelry worn by the bridal couple, as well as all structures and decorations prepared for the wedding are laden with important symbols that must not be ignored.

The marriage agreement may be followed by months of intense scrutiny of calendars, almanacs, and divining instruments to determine the most propitious day and time for the wedding ceremony. The time is chosen for its quality of *selamat* -- harmony and inner peace -- and is arrived at by means of a system of numerological divination called *petungan*.

Petungan consists of the consideration of all possible calendar systems that the family may use -- in most cases at least three -- as well as the birth dates of the bride and groom, and many other factors too numerous to mention. In this case, the time chosen was April 25, between 10:49 am and 1:12 pm, selected for its quality of *selamat*.

Preparations for the ceremony begin approximately two weeks prior to the actual wedding date. In the spirit of *gotong royong*, or mutual assistance, in which all members of a community assist each other in

such things as rice planting, harvesting, the construction of houses, and wedding and other festivities, the relatives and neighbors in the bride's community begin the preparations for the wedding ceremony.

Pre-Wedding Rituals

Siraman bath ritual

The day before the wedding, the bride is bathed in water filled with flowers. A portion of the water is sent to the bridegroom to be mixed with water used for his bath. The significance of this ritual lies in the hope that through such baths, the couple will always be harmonious and helpful to one another in their married life. As the parents and other elderly people administer the showers (baths) they ask God to shower the couple with His blessings. The time for the bath ritual is always just before noon. It is believed that at this time, the angels are bathing, and will share with the bride their angelic countenance as an expression of spiritual unity. The bride wears a batik cloth of designs representing positive qualities. The costume also includes a layer of plain white cloth, symbolizing the bride's purity and sacredness.

Upon completion of the bath ritual, the bride adjourns to her chamber where her father and mother cut a lock of her hair from the nape of the neck, signifying the end of her girlhood.

Widodaren angelic evening

In the evening of the day before the wedding, the widodaren or angel ritual, further symbolizing the end of the bride's girlhood takes place in the bride's home. The bride is dressed in a traditional costume and wears no jewelry.

The groom, accompanied by relatives pays a visit to the home of the bride for the purpose of reaffirming his commitment to carry out the wedding vows the next day. However, the bride remains secluded in her chamber throughout the visit; she is not permitted to see the groom until the ceremony.

Akad Nikah

The legal and religious ceremony -- the Akad Nikah -- precedes the Javanese ceremony. It took place today at 10:49 am in the Islamic Center.

KEPANGGIHAN

The Traditional Central Javanese Wedding Ceremony

*The ceremony includes the
following rituals:*

*Temu -- the meeting of the
bride and groom*

*Pemakaian Cincin -- ring
ceremony*

*Kacar-kucur -- investment
ritual*

*Kembul Sejenar -- feeding
ritual*

Pangabekten -- show of respect

Kirab -- appreciation ritual

Temu

*The ceremony begins as the
bride approaches the prescribed
meeting place from the bridal dais.
She is accompanied by highly respected
elderly women, and carries rolled
sirih (betel) leaves in her hand.*

*The groom approaches the
meeting place from the opposite
direction, accompanied by elderly
men, and also carrying rolled sirih
leaves.*

This ritual symbolizes the first meeting of the bride and groom. While in modern times, the meeting is merely symbolic, in the past this was, in fact, the first meeting of the bridal couple whose union had been arranged by their parents.

The couple throw the sirih leaves at each other. According to tradition, whichever hits the other first will dominate in the marriage.

The groom now steps on a raw egg which sits on a grinding stone, symbolizing the end of the bride's maidenhood. The bride washes the groom's foot with water mixed with flowers and carefully dries it with a ritual towel signifying her devotion and duty.

With the couple standing, the groom to the right of the bride, the mother of the bride drapes their shoulders with a selendang sindur, a ceremonial shawl of red and white symbolizing life-giving sustenance. The ritual signifies the unification of body and soul.

Timbangan

The timbangan ritual follows in which the couple is seated on the bride's father's lap. The father responds to his wife's question: "How do they weigh?" by saying, "They weigh equally." This ritual stresses the couple's equality

to each other and as children of the bride's parents.

Pemakaian Cincin

The couple take their seats at the bridal dais, the groom to the right of the bride, and exchange rings.

Kacar-kucur

This is followed by the kacar-kucur ceremony in which the groom produces a small sack containing coins, grains, and flowers representing his wealth. He pours the contents of this sack into a scarf on the bride's lap, signifying his trust in his bride, and his willingness to turn over all of his belongings.

Kembul Sejenar

Kembul sejenar now takes place in which the couple feed each other three times from a plate of ceremonial yellow rice, signifying the couple's willingness to sacrifice for one another and to help each other under any circumstances.

(The parents of the groom, who by tradition have not taken part in the ceremony thus far, now join the festivities.)

Pangabekten

During pangabekten, the newly-

wedded couple pay homage to their parents. In exchange, the parents wish the couple luck and happiness in their married life. The guests may now congratulate the bride and groom, and are invited to partake of the wedding feast.

Kirab

While the guests are eating, kirab -- the appreciation ritual -- begins. Led by young children, the bridal couple and their parents circulate among the guests expressing appreciation to all those friends and relatives who assisted with the wedding preparations. This marks the end of the ceremony.

The bridal couple change into post-wedding costumes and join the guests for an afternoon of entertainment comprised of dances and music.

